

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

<b>The Peoples Gas Light</b>	)	
<b>and Coke Company</b>	)	
	)	
<b>Petition Pursuant to Rider UEA</b>	)	<b>Docket No. 14-0530</b>
<b>of Schedule of Rates for Gas</b>	)	
<b>Service to Initiate a Proceeding to</b>	)	
<b>Determine the Accuracy of the</b>	)	
<b>Rider UEA Reconciliation Statement</b>	)	

**I. PROCEDURAL HISTORY**

On February 2, 2010, the Illinois Commerce Commission (the "Commission") entered its Order approving The Peoples Gas Light and Coke Company's ("Peoples Gas" or the "Company") Rider UEA, Uncollectible Expense Adjustment, in Docket Nos. 09-0419/09-0420 (Cons.). Section I of Rider UEA requires Peoples Gas to file a petition no later than August 31 seeking initiation of the annual reconciliation to determine the accuracy of the statement. On August 29, 2014, Peoples Gas filed in this proceeding its Reconciliation Statement for the April 1, 2013 through March 31, 2014 reconciliation period.

Pursuant to notice given, as required by law and by the Commission's rules and regulations, a hearing was held at the Commission's office in Chicago, Illinois, on February 24, 2015. Peoples Gas and the Commission's Staff ("Staff") witnesses entered appearances. There were no interveners. Peoples Gas presented the direct testimony of Lynn M. Hosty, Senior Rate Analyst, and the direct testimony of David B. Baron, Manager, Business Solutions Center. Staff presented the direct testimony of Daniel G. Kahle, Accountant in the Accounting Department of the Commission's Financial Analysis Division, and the direct testimony of Joan Howard, Consumer Policy Analyst, in the Commission's Consumer Services Division. The Administrative Law Judge marked the record "Heard and Taken" on February 24, 2015. There were no contested issues at the completion of the hearing and the parties agreed to file a Draft Order. On February 25, 2015, Peoples Gas filed a Draft Order that had been previously reviewed by Staff, and that included Staff's comments, for the Administrative Law Judge's consideration.

**II. PEOPLES GAS' POSITION**

Ms. Hosty testified about the nature and requirements of Rider UEA, Peoples Gas' compliance with the rider, and the Company's reconciliation calculations. She stated that the reconciliation reflects the incremental difference between the actual uncollectible expense amount reported in Form 21, Annual Report to the Commission and the uncollectible expense amount that has been included in the Company's rates.

Ms. Hosty sponsored four exhibits. PGL Ex. 1.1 is the Reconciliation Statement for the April 1, 2013 through March 31, 2014 reconciliation period that shows amounts to be included as the Reconciliation Adjustment ("RA") for the June 1, 2014 through May 31, 2015, Effective Period ("Statement"). PGL Ex. 1.2 is Peoples Gas' Rider UEA filing for the 2013 reporting year that includes the RA amount for the April 1, 2013 through March 31, 2014 reconciliation period per the Statement. PGL Ex. 1.3 is Peoples Gas' Rider UEA filing for the 2012 reporting year that includes the RA amount for the April 1, 2012 through March 31, 2013 reconciliation period. PGL Ex. 1.4 is the Report of the 2011 reporting year Rider UEA Adjustment amounts showing the amounts that Peoples Gas included in the last reconciliation period (for June 1, 2012 through March 31, 2013) and the amounts for April 1 through May 31, 2013 that are included in the Statement for this reconciliation period. Peoples Gas filed this exhibit in Docket No. 13-0492, the last Rider UEA reconciliation proceeding; the Commission approved that reconciliation statement in a July 9, 2014 Order.

Ms. Hosty stated that Peoples Gas filed adjustments in May 2012, effective on June 1, 2012, for the calendar year 2011 Form 21 reporting year, to refund \$7,326,691.45 to customers, and it billed those adjustments through May 31, 2013. Peoples Gas filed adjustments in May 2013, effective on June 1, 2013, for the calendar year 2012 Form 21 reporting year and prior period reconciliation adjustments, to refund \$4,908,101.02 to customers, and it billed those adjustments through May 31, 2014. Ms. Hosty stated that the RAs that Peoples Gas included in the Rider UEA adjustments it filed in May 2014, effective June 1, 2014, for the 2013 reporting year, were based on actual and expected revenues for the period April 1, 2013 through March 31, 2014. Thus, the reconciliation period that is the subject of this proceeding includes two months of activity related to the filing for the 2011 adjustments and ten months related to the filing for the 2012 adjustments including any applicable RA amounts.

Ms. Hosty testified that the Statement shows the determination of the adjustment amounts for the 2011 and 2012 reporting years and the RA amounts arising from the Rider UEA adjustments for the 2011 and 2012 reporting years (including any applicable RA amounts) over the reconciliation period, for each adjustment type and service classification. The applicable service classifications are Service Classification ("S.C.") Nos. 1, 2, 4 and 8. The adjustment types are: Incremental Delivery Service Uncollectible Amount (IDUA), Incremental Gas Supply Service Uncollectible Amount (ISUA) and Incremental Transportation Service Uncollectible Amount (ITUA). Ms. Hosty explained that, under Section B of Rider UEA, the ITUA adjustment amounts were included with the IDUA adjustment amounts to be recovered/refunded effective June 1, 2014.

Ms. Hosty stated that, as shown on PGL Ex. 1.1, Peoples Gas will refund \$5,578.97 to S.C. No. 1 customers through the IDUA adjustment, which applies to sales and transportation customers. The ISUA RA amount for S.C. No. 1 sales customers is a recovery of \$61,563.72. Peoples Gas will recover \$10,435.27 from S.C. No. 2 customers through the IDUA adjustment, which applies to sales and transportation customers. The ISUA RA amount for S.C. No. 2 sales customers is a recovery of \$4,514.72. Peoples Gas will recover \$3,063.29 from S.C. No. 4 customers through the IDUA adjustment, which applies to sales and transportation customers. The ISUA RA

amount for S.C. No. 4 sales customers is a refund of \$3,307.54. There are no reconciliation amounts for S.C. No. 8 customers as there were no applicable Rider UEA adjustment amounts to be recovered or refunded during the reconciliation period.

Ms. Hosty explained that, beginning June 1, 2014, the RA components are included with the 2013 reporting year Rider UEA adjustment amounts for each adjustment type and service classification, resulting in a single adjustment amount for each adjustment type and service classification. These are per customer adjustments that Peoples Gas will bill for the June 1, 2014 through May 31, 2015 Effective Period.

Mr. Baron, in direct testimony, stated that Section 19-145 of the Public Utilities Act ("Act") directs utilities to pursue minimization of and collection of uncollectibles through several activities. Mr. Baron addressed each of these activities. First, he stated that Peoples Gas' customer information system identifies and tracks outstanding receivables by placing these receivables into proper aging buckets. Second, Peoples Gas uses several methods to contact customers, including bill messages auto-dialer messages, letters, disconnect notices, field notifications, and collection talk-off (*i.e.*, company agents remind customers calling the call center that their bill is past due and offer to take a payment). Also, on a limited basis, Peoples Gas makes out-bound live agent calls and mails post cards, seasonally, to customers in arrears reminding them of company-sponsored events and Low Income Home Energy Assistance Program ("LIHEAP") availability. Third, Peoples Gas provides customers with information about payment plans, both those required by the Commission's rules and others that are available. Fourth, Peoples Gas serves disconnection notices in accordance with the Commission's rules. Fifth, Peoples Gas implements disconnections based upon write-off risk; the disconnection amounts vary by rate classification. Sixth, the collection schedules incorporated in Peoples Gas' customer information system drive all collection activities from bill messages to disconnect orders based upon predetermined variables. Finally, Peoples Gas takes several actions not listed in the statute, such as using auto-dialer technology to encourage customers to apply for LIHEAP when funding is available; sponsoring community events in the neighborhoods where, in one location, customers can learn about energy conservation, receive conservation kits and apply for LIHEAP; billing and collecting deposits to offset the impact of uncollectables; using a database to help locate customers in other utility service territories who may have forgotten to pay their final bill; employing three primary collection agencies to collect final receivables before they are written off and five additional agencies to pursue debt post-write-off; and initiating replevin actions to retrieve its meter.

### **III. STAFF'S POSITION**

Mr. Kahle testified that he recommended the Commission accept the Company's Annual Reconciliation, as reflected on ICC Staff Ex. 1.0, Schedule 1.1. He stated that Schedule 1.1 is a four page schedule that presents the reconciliation for uncollectible expenses incurred during the period January 1, 2012 through December 31, 2012 ("Reporting Year") with revenues collected through base rates and Rider UEA for the period April 1, 2013 through March 31, 2014. It summarizes the Uncollectible Expense Reconciliation Adjustments ("Factor RA") for the Reporting Year by each service class. He described the components of the schedule, attached to this Order as Appendix A, in detail.

In conclusion, he recommended that the Commission accept the reconciliation, which reflects a cumulative over-recovered balance for the service types of \$771,314 and net Reconciliation Adjustments (RA Factor) of \$70,690. These RA Factors will be refunded or collected over the 12-month period beginning June 1, 2014 by service class by the amounts reflected on line 12 of the schedule.

Ms. Howard testified that she reviewed Mr. Baron's testimony concerning the Company's response to the Act's requirement that a utility with a tariff authorized by Section 19-145 pursue minimization of and collection of uncollectibles through a list of six activities. Based on her review, she testified that nothing had come to her attention that the Company's actions in this regard are imprudent or unreasonable. Therefore, she had no recommended determinations for the Commission to make regarding adjustments or suggestions for prospective changes in current practices pursuant to the requirements of Section 19-145.

#### **IV. FINDINGS AND CONCLUSIONS**

There are no issues between the parties for the Commission to resolve in this proceeding. Accordingly, based on the record herein, the Commission concludes that Peoples Gas' Rider UEA reconciliation calculations covering the 2012 reporting year and a revenue recovery period of June 1, 2012 to May 31, 2013 (the reconciliation period is April 1, 2013 – March 31, 2014) are accurate and, therefore, the Reconciliation Adjustment summarized in Staff Exhibit 1.0, Schedule 1.1, which is attached hereto as an Appendix, should be approved.

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) The Peoples Gas Light and Coke Company is a corporation engaged in the sale and distribution of natural gas in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over the Company and the subject matter of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) the Company's calculations for its Rider UEA reconciliation covering the 2012 reporting year and an April 1, 2013 through March 31, 2014 reconciliation period, are accurate;
- (5) the Company shall refund the net over-collection of \$771,314 over the twelve-month period beginning June 1, 2014; and
- (6) the Company's Rider UEA Reconciliation Adjustment summarized in Appendix A hereto shall be approved.

IT IS THEREFORE ORDERED that the Reconciliation submitted by The Peoples Gas Light and Coke Company under Rider UEA – Uncollectible Expense Adjustment for the 2012 reporting year and an April 1, 2013 through March 31, 2014 reconciliation period, and summarized in the Appendix A attached hereto is hereby approved.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Illinois Administrative Code Sec. 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this \_\_\_\_ day of \_\_\_\_\_, 2015.

(SIGNED) Brien Sheahan  
Acting Chairman